

**Office of Housing
Africatown Community Land Trust
Keiro**

Borrower:	Africatown Community Land Trust (ACLT)
Project Name:	Keiro
Project Address:	1601 Yesler Ave., Seattle, WA 98122
Number of Units	125-unit shelter; 285-unit new construction future development proposed
OH Levy Acquisition & Preservation Program Request:	\$ 13,850,000
OH Funds Recommended:	\$ 5,800,000 for site acquisition
Sponsor estimate of permanent OH Loan (Total public funding required)	\$ 24,264,490

PROJECT DESCRIPTION

Africatown Community Land Trust (ACLT) is requesting \$5,580,000 for the acquisition of the Keiro site, formerly the Keiro Nursing and Rehabilitation Center. Keiro is the third major mixed-use real estate development project undertaken by Africatown Community Land Trust (ACLT) — through strategic, community partnerships — to fight gentrification and meet identified needs in the Central District community. This project site was selected for its proximity to the first two projects that ACLT developed in partnership with Community Roots Housing. Prior to development, Keiro will operate as an interim homeless shelter. In addition to adding 285 affordable housing units to the community, Keiro will include an early childhood learning center operated by and licensed provider. Keiro will build on the tremendous successes and lessons learned through these projects, Liberty Bank Building and Africatown Plaza, to bring the idea of community-centered development one step further.

Given the lengthy nature of the development process, ACLT is working to convert the Keiro Center into an interim homeless shelter. Based on the design of the existing, they can safely provide beds for up to 125 families in single rooms throughout the facility. Their target priority for these beds would be families to maximize the number of available beds throughout the facility while minimizing the risk of COVID-19 transmission by ensuring non-congregate dwellings. ACLT will expressly work with its community partners to find permanent housing options for the families housed in the Keiro Center shelter. Among other pathways for permanent housing, ACLT would include the families among the first people contacted through any affirmative marketing campaigns used to raise awareness for affordable rental units in Africatown Plaza and other developments. This will be particularly useful for the families with young children who are able to utilize the early childhood learning center.

The site measures 63,000 SF and consists of 2 parcels that host a former hotel and a restaurant that is still operating. The parcels are currently zoned C1-75. The site will be developed in three phases for a total of 450 (Option A) or 499 (Option B) units of affordable housing. The finished buildings will provide a total of 169,084 GSF of rentable residential area 9,620 GSF of common area at ground level, plus a minimum of service area.

Under Option A would provide Permeant Supportive Housing (PSH) and PSH Senior housing in the first and second phase and workforce housing in the third phase. Under Option B all three phases would consist of workforce housing with a mix of incomes ranging from 30%-60% Area Median Income (AMI). See chart below for building and option breakdown. Option A and Option B are options presented to OH now, however future building configurations may change depending upon future funding opportunities.

Option A PSH & Workforce

Option B All Workforce

	Building 1	Building 2	Building 3			Building 1	Building 2	Building 3
Population	PSH	PSH-SENIORS	WORKFORCE			0-60%	30% & 50%	40% & 50%
Units	120	161	169		Population	Workforce	Workforce	Workforce
					Units	169	161	169

		Option A					Option B		
	Total Units	450				Total Units	499		
OH BLDG	<i>BLDG 1</i>	<i>BLDG 2</i>	<i>BLDG 3</i>		OH BLDG	<i>BLDG 1</i>	<i>BLDG 2</i>	<i>BLDG 3</i>	
OH Ask/du	53,420.83	41,259.45	55,018.93		OH Ask/du	\$ 60,444	\$ 93,773	\$ 72,698	
Total OH Ask (3 Buildings)		22,351,472			Total OH Ask (3 Buildings)		37,598,400		
	Total ask/total units	49,670				Total ask/total units	75,347		

For the construction of each building, LIHI is contemplating using SLI's innovative construction methods to produce a greener building that saves materials and cuts utility usage, while achieving significantly lower construction costs and significant time savings.

In this case, the 6 and 7 story buildings would be 5-6 levels of steel and glass construction above 1 level of Type IA concrete construction. In SLI's approach, units are stacked vertically to maximize the efficiency of plumbing and electrical. The unit layouts are designed to minimize cost of labor and construction waste.

Each new housing unit will contain a full kitchen with an Energy Star refrigerator, range, and microwave and full bathrooms. The living rooms will have ample natural light, radiant wall-mounted electric heaters on programmable thermostats, and highly durable interior finishes such as hypo-allergenic flooring, painted walls, and laminate countertops. The residential corridors will have windows located at the ends to provide natural light and natural ventilation.

The building masses would be I-shaped and will be positioned to provide strong edges on Aurora Ave N and N 125th St. The building facades facing both streets will have ground floor retail and community spaces. The

exterior design of the facades will complement the new market rate townhomes across Aurora Ave N and add quality and aesthetically pleasing housing stock to the neighborhood.

PROJECT TIMELINE

ACLT has a purchase and sales agreement with the site owner and would like to get an acquisition loan from the Office of Housing. Current timing for the acquisition loan, is projected for late September 2021, but the seller can be flexible. However, the seller would like to close as soon as possible.

NEIGHBORHOOD NOTIFICATION

LIHI will conduct preliminary consultations with other non- profit developers with existing investments in the target area. In addition, LIHI will conduct outreach to known stakeholders about community needs and aspirations.

SPONSOR CAPACITY

ACLT is relatively new to multi-family development. They were Community Root Housing's partner on Liberty Bank, which was successfully completed in 2018. And they are continuing their partnership with CRH at Africatown Plaza, however despite receiving a bond allocation they have not begun construction. In addition, the size and complexity of the development they are proposing would need a strong and experienced developer to help them get the project over the finish line.

ISSUES

LIHI is seeking acquisition funding with the intention of requesting permanent OH funds with an ask between \$22,351,472 and \$37,598,400. Given the unpredictable resources available to the Office of Housing in the next 3-4 years, the project proposal may need to be altered to accommodate future funding availability.

The site is not currently in a DDA or QCT, which would add a 30% basis boost to a 4% deal, decreasing the need for OH subsidy.

SUMMARY AND STAFF RECOMMENDATION

OH recommends funding a bridge loan in the amount of up to \$ 5,950,000 for the following reasons:

1. The LIHI acquisition represents a valuable opportunity for OH to provide 450-500 units of new affordable housing that is in North Seattle.

FUNDING CONDITIONS

1. **Consider holding the property until a DDA or QCT designation occurs**
2. **Consult with stakeholders and public about placemaking opportunities**
3. **Keep the project flexible in population, building types and AMIs to allow future priorities at permanent takeout**

Capital Investments Manager

Date